

INCOME OF THE AGED CHARTBOOK, 1994



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Since 1941, the Social Security Administration (SSA) has periodically surveyed the aged to determine their economic status. The first national survey was conducted in 1963. In 1976, SSA's Office of Research and Statistics began compiling a biennial series of reports on the income of the aged based on data collected by the Bureau of the Census in its Current Population Survey. These reports are published under the title **Income of the Population 55 or Older**. The most recent edition contains 1994 data, and is the source, along with special tabulations, for this chartbook.

The unit of analysis here is the "aged unit" and not the household, the family, or unrelated individuals, as are used by the Bureau of the Census. The aged unit is either a married couple living together with the husband or wife aged 65 or older (generally measured by the age of the husband), or a person 65 or older who does not live with a spouse.

The 1994 sample represented 9,734,000 couples and 14,153,000 single units aged 65 or older. The single person unit may be a widow(er), a divorced or separated person, a legally married person who does not live with a spouse, or a person who never married. This unit of analysis allows one to measure the economic status of the entire noninstitutionalized aged population separately from that of the family or household in which the unit may live.

This chartbook was compiled by the Office of Research, Evaluation, and Statistics (ORES), Division of Program Analysis. Editing and graphics were done in the ORES Publications Staff: Celine D. Houget, editor, and Emil L. Loomis, designer. For additional copies of this publication, please call the Publications Staff—202-282-7138. For questions related to the content of the charts, please call Ann Kallman Bixby—202-282-7222.

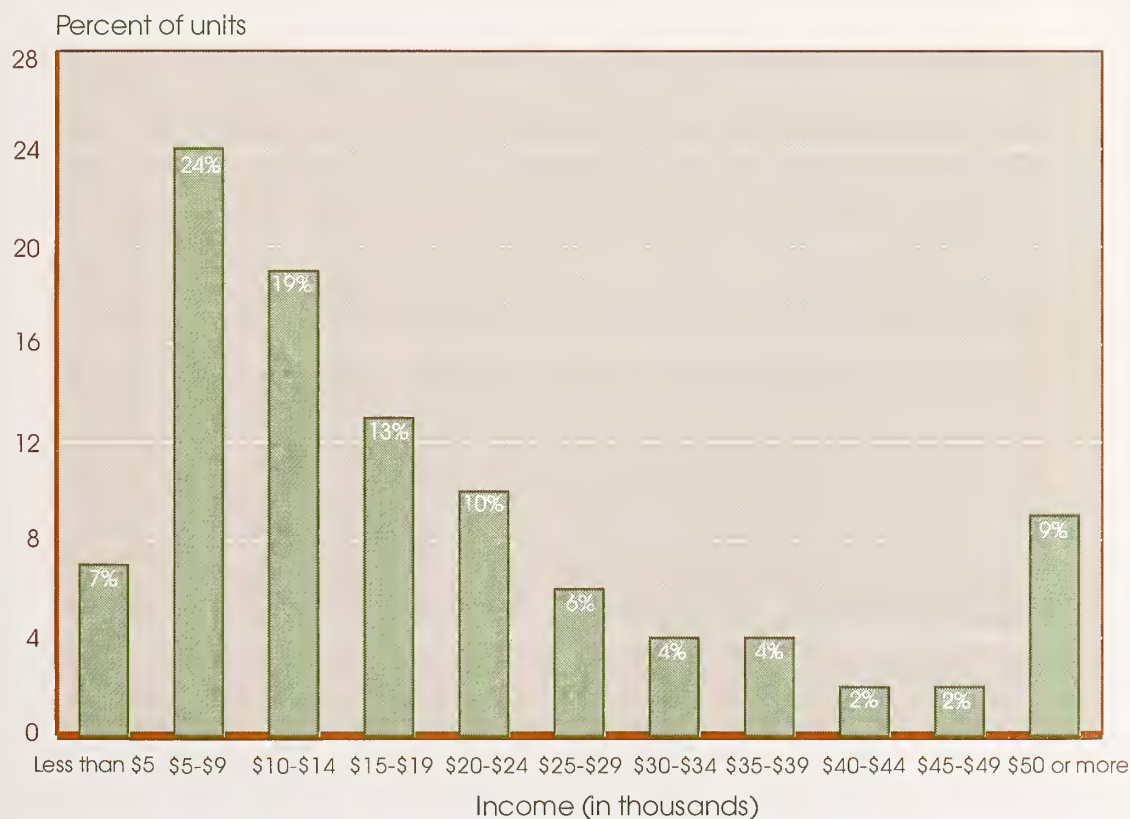
Peter M. Wheeler
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June 1996 (rev.)

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The aged are an economically diverse group

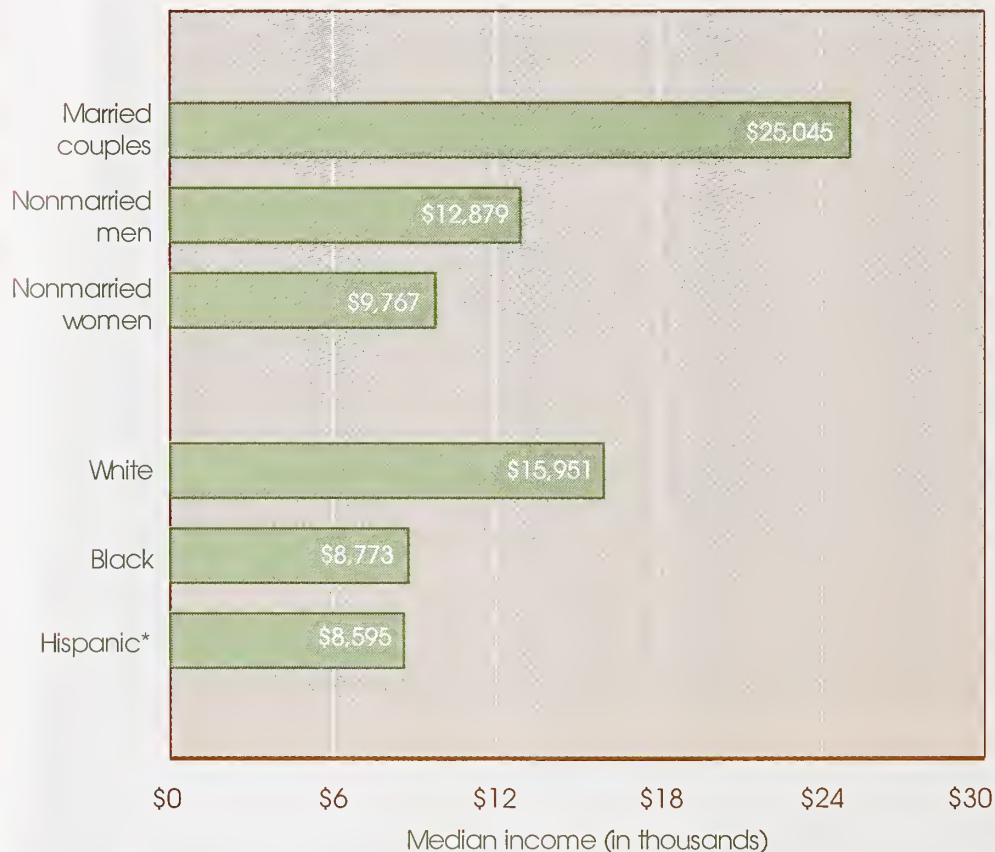
Median income for all aged units is \$15,094, but there are wide differences within the total group. About 18% have an income of under \$7,000 (approximately the 1994 poverty threshold of \$7,108 for one person aged 65 or older), and 9% have an income of \$50,000 or more.



Demographic differences are associated with different levels of income

Income is highest for married couples—with a median income nearly twice that of nonmarried men and more than 2½ times that of nonmarried women. Whites have a median income more than 80% greater than Hispanics or blacks.

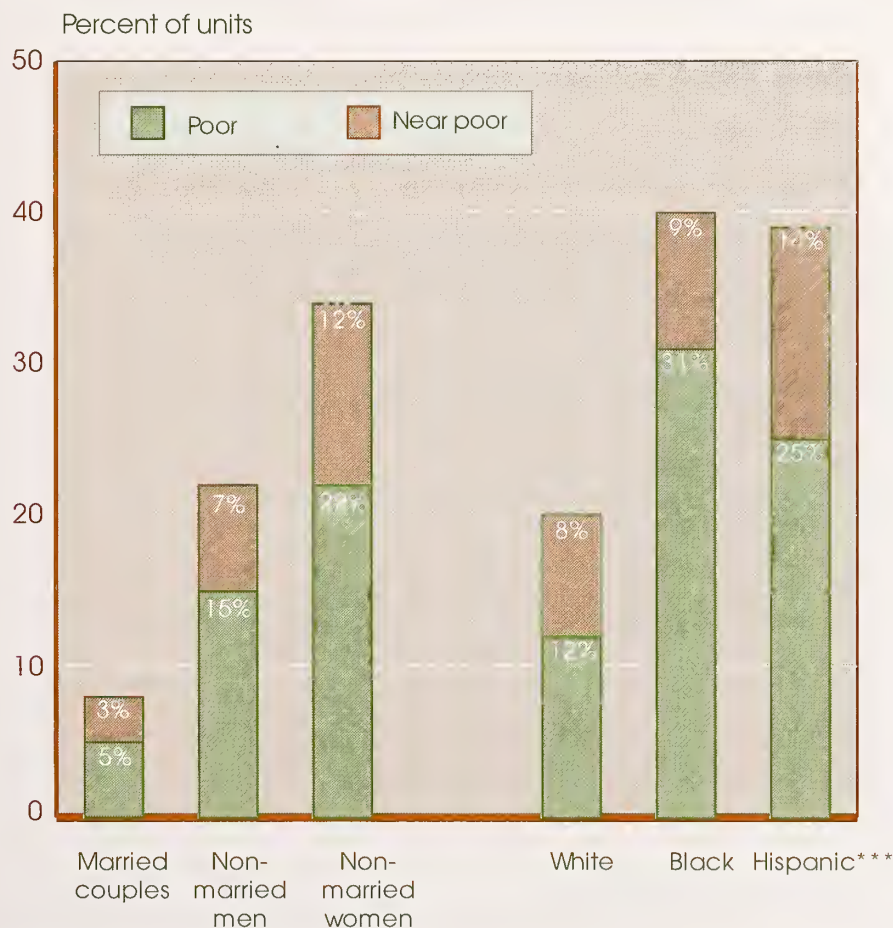
Median income, 1994



*Persons of Hispanic origin may be of any race.

Nonmarried and minority aged have high proportions who are poor or near poor

The variations in income by marital status and by race are reflected in the poverty rates* for these subgroups of the aged. Nonmarried men, nonmarried women, and minorities have the highest poverty rates, ranging from 15% to 31%. When the near poor** are included, the rates for the nonmarried and nonwhites range from 22% to 40%.



* Based on family income rather than aged unit income to conform with official measures of poverty.

** The near poor are defined as having income between the poverty line and 125% of the poverty line.

*** Persons of Hispanic origin may be of any race.

Income differences by age are due in part to marital status differences

In almost every successively older age group, median income is lower. The striking differences by age shown in the chart are in part due to the disproportionate number of nonmarried women in older age groups. The table shows that in every age group, nonmarried women have a lower median income than nonmarried men or married couples. It also shows that nonmarried women far outnumber the others in the older age groups.

Median income and percent of units, by age, sex, and marital status

Sex and marital status	65-69	70-74	75-79	80-84	85 or older
Median income					
Married couples	\$28,638	\$25,381	\$24,138	\$20,658	\$18,367
Nonmarried men	14,527	12,554	13,457	12,021	11,429
Nonmarried women ...	10,880	10,460	9,881	9,318	8,734
Percent of units					
Total number (in thousands)	6,710	6,173	4,820	3,507	2,676
Total percent	100	100	100	100	100
Married couples	52	47	40	29	15
Nonmarried men	14	13	13	13	17
Nonmarried women ...	34	40	47	58	68

Median income, by age



The oldest age group has the highest poverty rate

In addition to the lower median income of older age groups, poverty rates are often higher for those who are older. As with income, the large proportion of nonmarried women in the older age groups contributes to the difference in poverty rates by age. The table shows that nonmarried women are more likely than married couples to be poor or near poor in every age group.

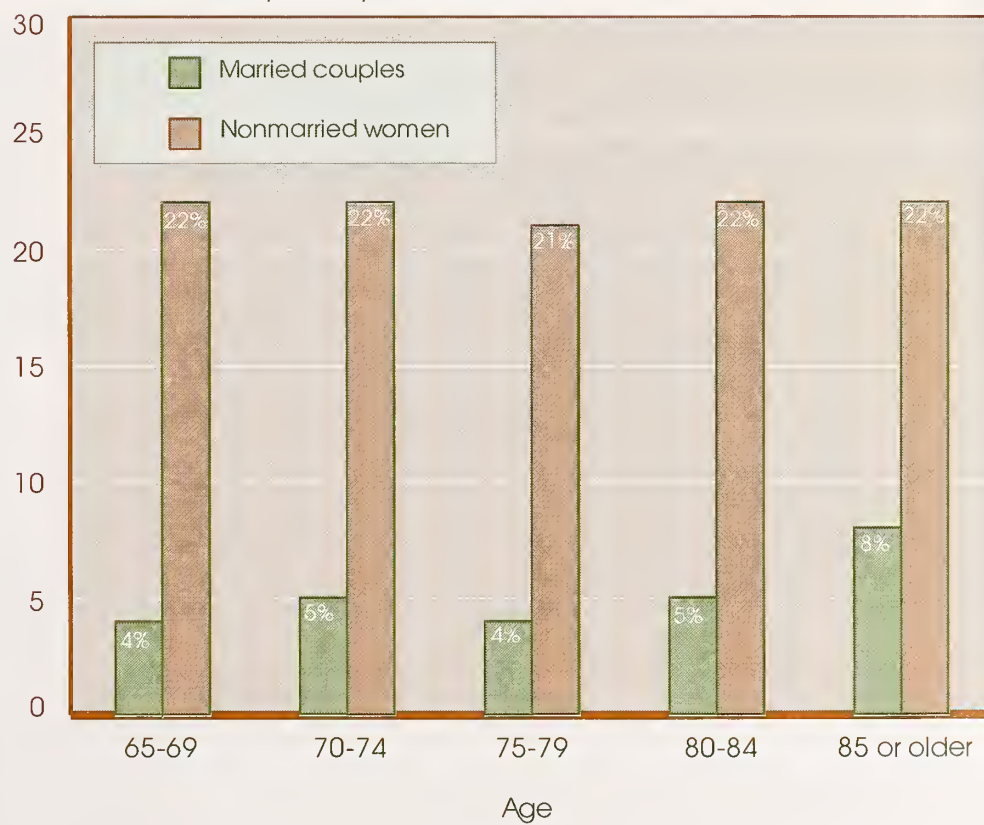
Poverty status,* by age, sex, and marital status

Age	Married couples	Nonmarried men	Nonmarried women
Percent poor			
65-69	4	15	22
70-74	5	16	22
75-79	4	14	21
80-84	5	14	22
85 or older	8	17	22
Percent poor or near poor**			
65-69	8	22	31
70-74	9	23	33
75-79	7	19	35
80-84	10	24	35
85 or older	17	24	37

* Based on family income rather than aged unit income to conform with official measures of poverty.

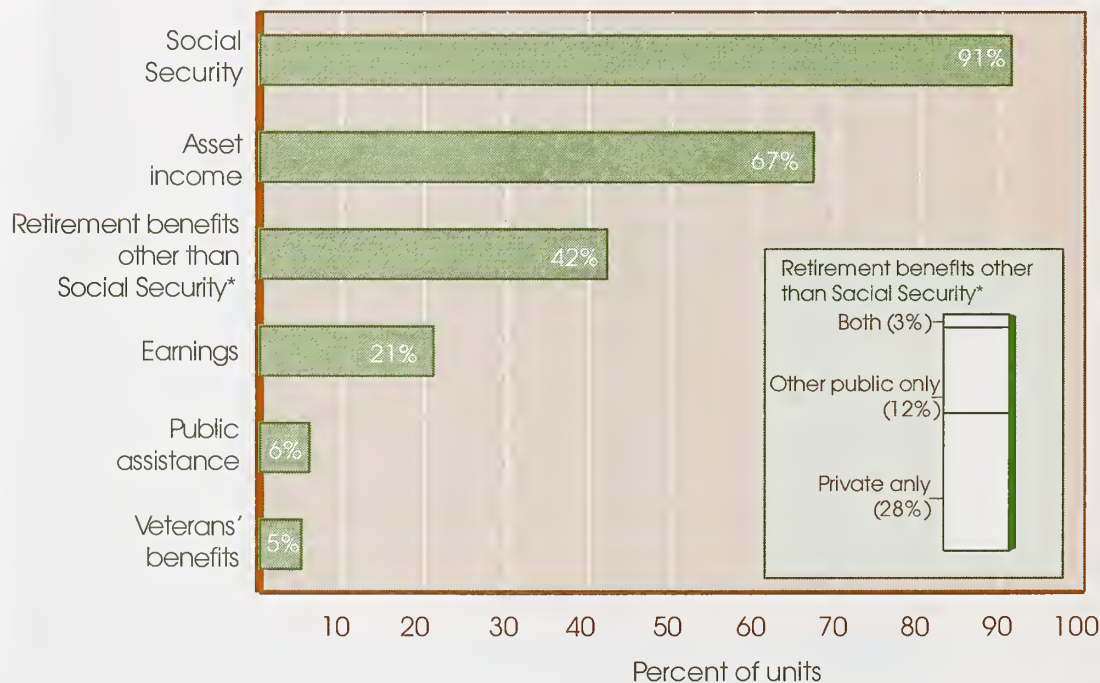
**The near poor are defined as having income between the poverty line and 125% of the poverty line.

Percent of units poor, by marital status



Social Security is a source of income for nearly all the aged

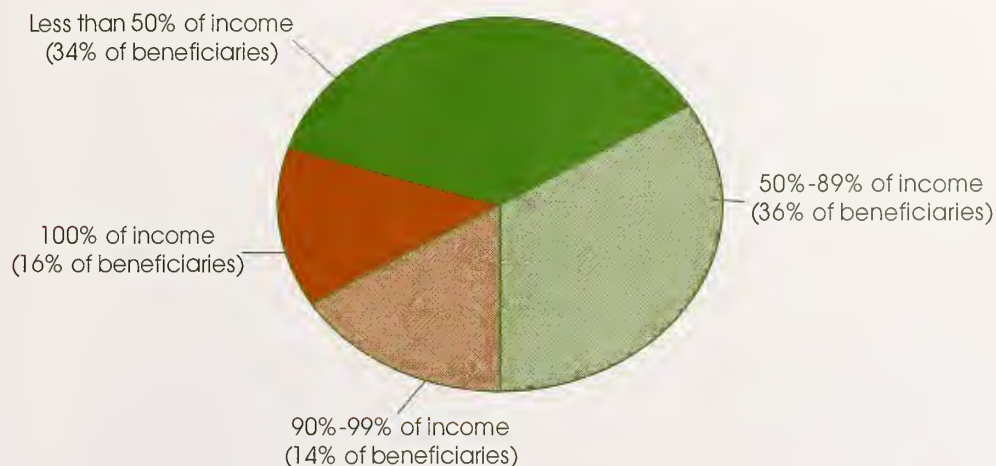
More than 9 out of 10 aged units receive Social Security benefits. Asset income is the next most common source of income and it is received by two-thirds of the aged. Less than half (42%) receive pensions other than Social Security, and only 21% have earnings. Public assistance is received by 6% and veterans' benefits are received by only 5%.



*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

Social Security provides at least half of total income for a majority of beneficiaries

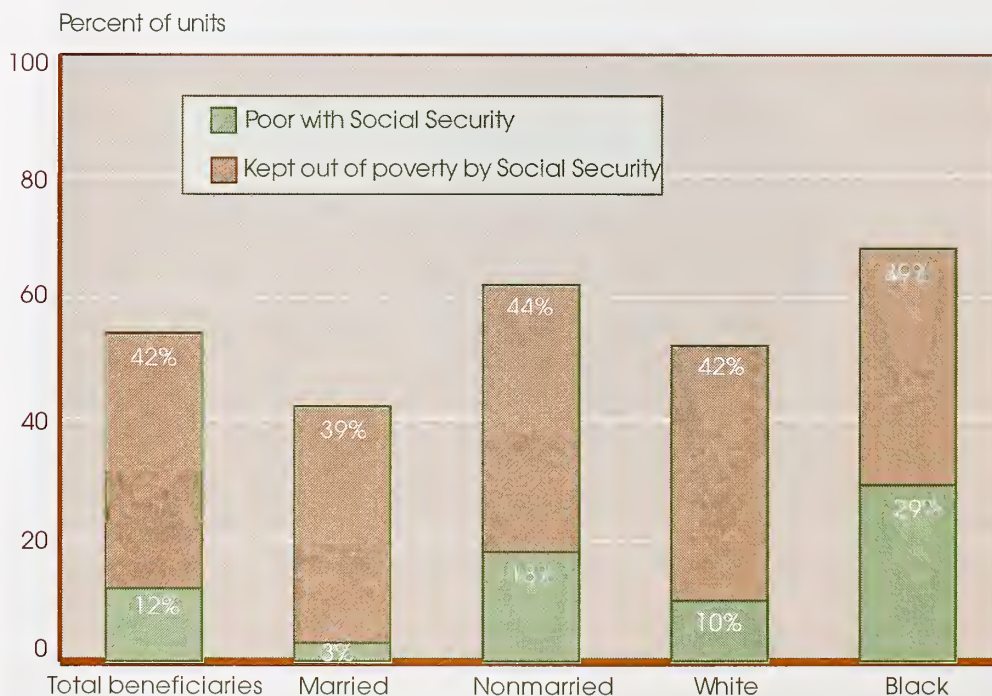
Social Security pays benefits to more than 90% of those aged 65 or older. It is the major source of income (providing 50% or more of total income) for 66% of the beneficiaries. It contributes 90% or more of income for about one-third of the beneficiaries, and is the only source of income for 16% of them.



Social Security's role in reducing poverty, by marital status and race, 1994

Social Security plays a pivotal role in reducing poverty

Although there are aged beneficiaries with family income below the poverty line,* the poverty rate would be much higher if they did not have their Social Security benefits. Twelve percent of the aged are poor, and 42% are kept out of poverty by their Social Security benefits—so that the total poverty rate without Social Security would be 54%. Although poverty rates vary considerably by marital status and race, the proportion kept out of poverty by their Social Security benefits is about 40% for all groups.



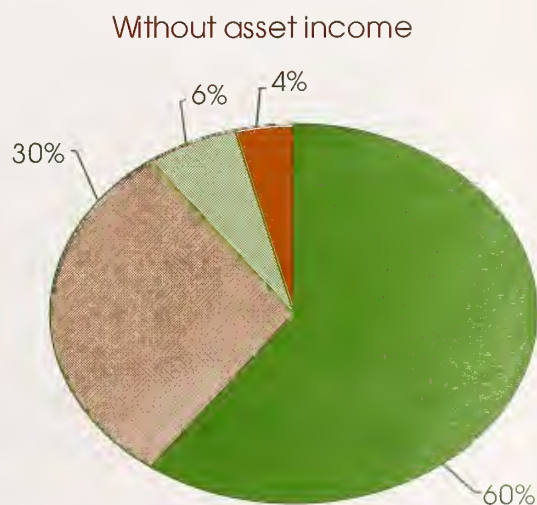
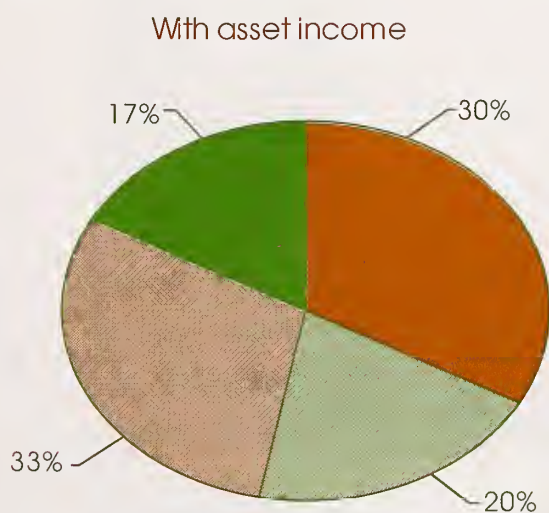
*Based on family income rather than aged unit income to conform with official measures of poverty.

Receipt of asset income is associated with relatively high median income

The median income of those with asset income is more than twice as large as the median income of those with no asset income (\$19,996, compared with \$8,590). Aged units with no asset income are concentrated in the lowest income categories—60% have a total income below \$10,000 and only 4% have an income of \$30,000 or more. Among aged units with asset income, 83% have a total income of at least \$10,000. Thirty percent have an income of \$30,000 or more.

Size of total income
(in thousands)

- Less than \$10
- \$10-\$19
- \$20-\$29
- \$30 or more



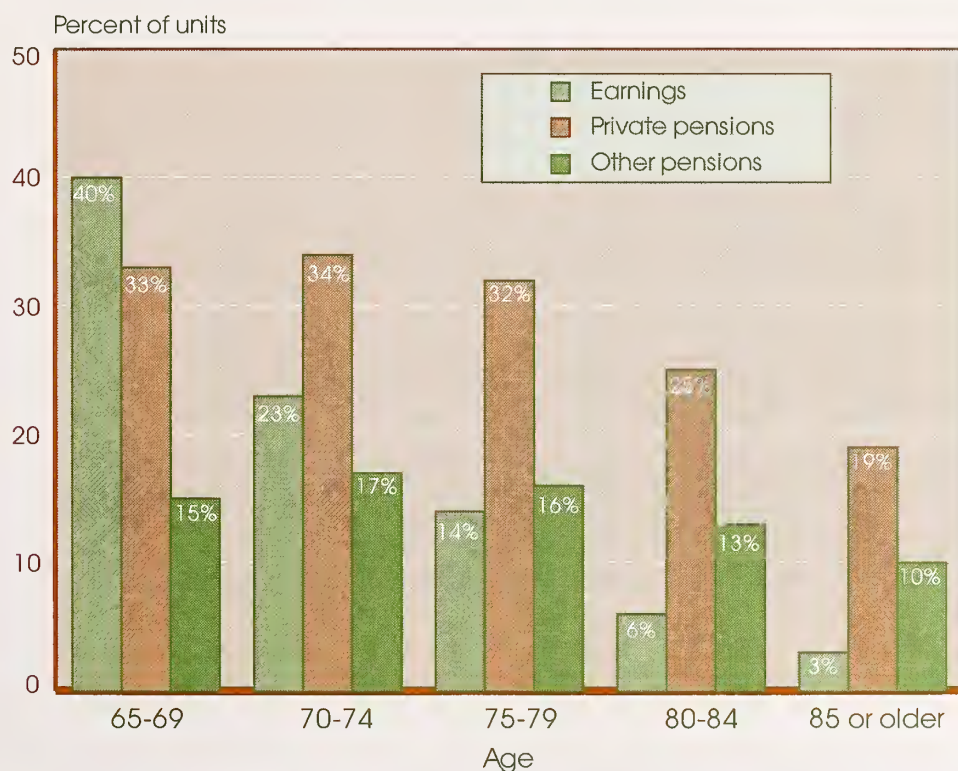
Receipt of earnings and retirement benefits also affects income size

About 6% of aged units have no retirement benefits. Of these, 35% have earnings; their median income is \$29,913. Sixty-five percent have no earnings, and their median income is only \$762—a considerable decline from the 1992 measurement. In the absence of earnings, median income rises markedly with the number of retirement benefits received, from \$9,445 with one retirement benefit to \$20,816 with two or more retirement benefits. For units with both earnings and retirement benefits, median incomes are \$24,583 for those with one retirement benefit and \$36,175 for those with more than one.



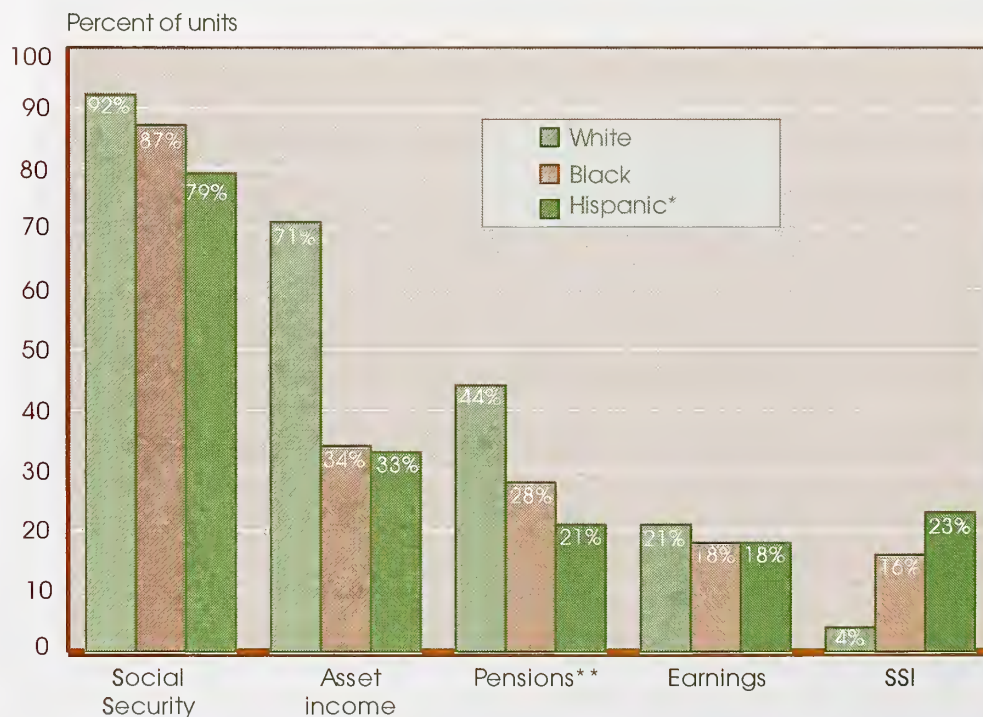
Age groups differ in their likelihood of receiving earnings and pensions

Earnings are much more common in the youngest age group than in the oldest group—40%, compared with 3%. Private pensions and other pensions are also more common among the younger groups than the older groups. For the youngest group, earnings are a more common source of income than are either private or other pensions. Among the older cohorts, private pensions are a more common source of income than are earnings or other pensions.



Receipt of income from major sources varies by race and Hispanic origin

Among the aged, whites and blacks are somewhat more likely than Hispanics to receive Social Security. Whites are much more likely than blacks or Hispanics to receive income from assets and from pensions. The groups are about equally likely to have earnings. Supplemental Security Income (SSI) is received much more often by the minority aged than by whites.

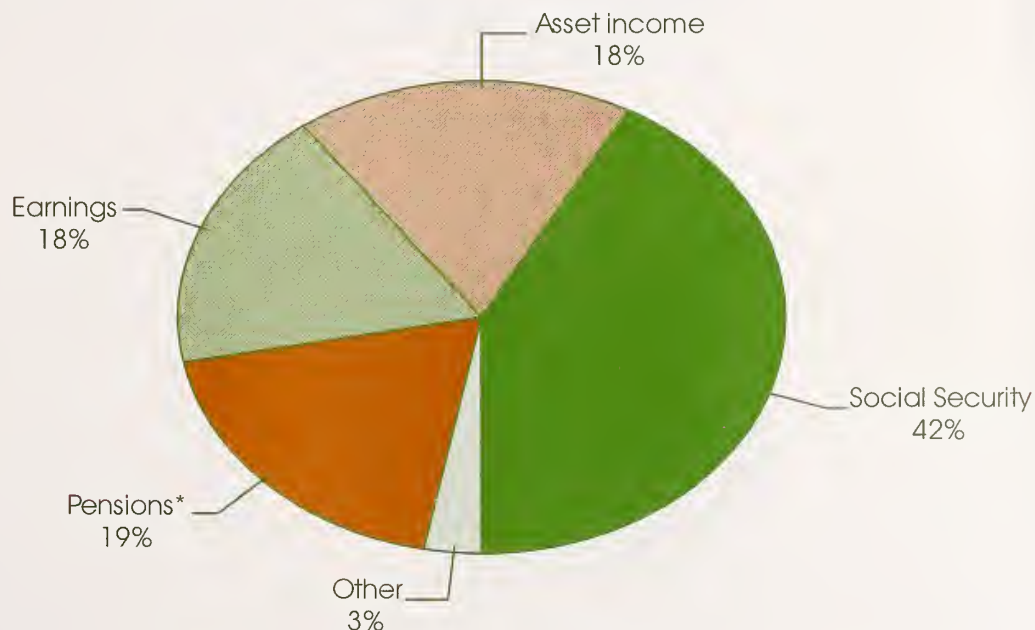


*Persons of Hispanic origin may be of any race.

**Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

Social Security and asset income provide the majority of income for the aged

Money income for the population 65 or older comes largely from four sources. Social Security provides the largest portion—42%. Asset income and pensions other than Social Security provide 18% and 19%, respectively. These three sources together account for about 80% of total income. Earnings account for 18% and only 3% comes from other sources.



*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

The share supplied by each income source differs greatly by income

Aged units are ranked by total income and divided into five groups of equal size—called quintiles. In the chart on page 17, shares of income of the quintile with the lowest income are compared with those of the quintile with the highest. Social Security benefits provide 81% of the total income for those in the lowest income quintile, and public assistance provides the second largest share (11%). For those in the highest income quintile, earnings provide the highest share of income (28%) and income from assets is the next most important (24%). Social Security and pensions are 23% and 21%, respectively. The table below details the shares in the intermediate income quintiles, as well as those in the lowest and highest quintiles.

Shares of income by quintiles of total income

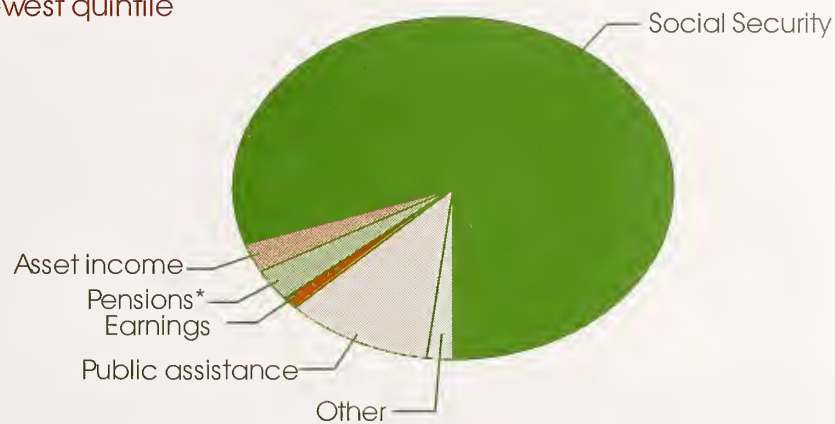
Source	Lowest	Second	Third	Fourth	Highest
Social Security	81	81	66	48	23
Pensions*	3	8	14	24	21
Asset income	3	5	10	14	24
Earnings	**	2	6	11	28
Public assistance	11	2	1	**	**
Other income	2	2	3	3	3

* Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

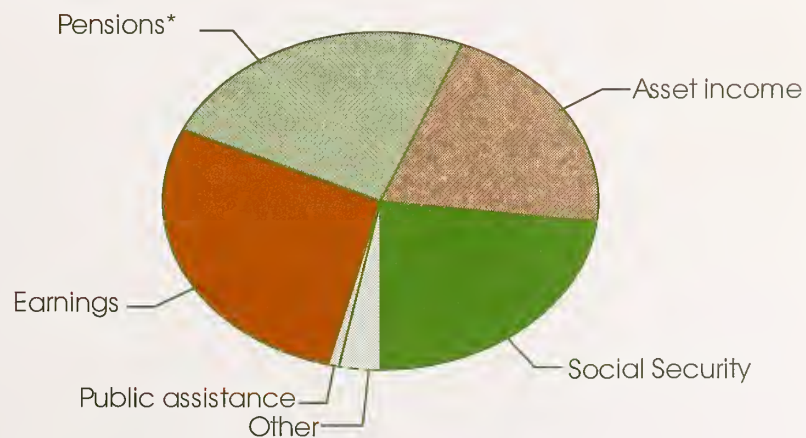
** Less than 0.5%.

Shares of income for aged units
in the lowest and highest income quintiles

Lowest quintile



Highest quintile



* Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

Median real income has risen substantially over the years

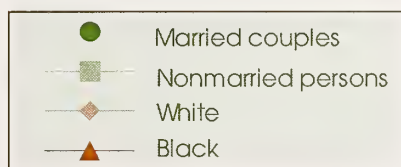
Between 1962 and 1994, the income of the aged increased—even after adjusting for inflation—by about 80% for married couples and 90% for nonmarried persons. The table below and the chart on page 19 show that between 1967 and 1994, the income of married couples increased by 67%, and the income for nonmarried persons increased by 80%. Since 1967, there were disproportionate increases by race. For whites, income increased by 89%; for blacks, it increased by 47%.

Median income in 1994 dollars, by marital status and race, selected years

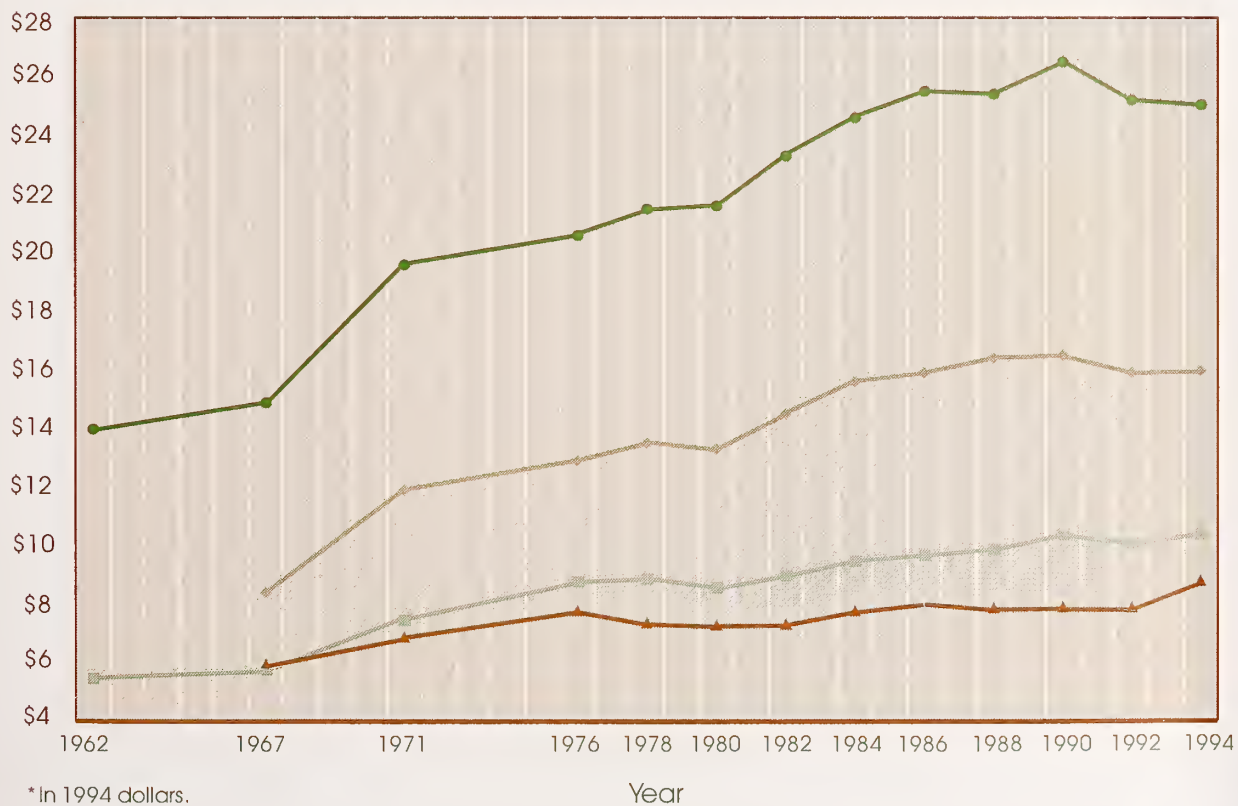
Year	Marital status		Race	
	Married couples	Nonmarried persons	White	Black
1962	\$14,062	\$5,527	*	*
1967	14,966	5,795	\$8,439	\$5,963
1971	19,606	7,498	11,878	6,927
1976	20,550	8,751	12,867	7,788
1978	21,503	8,887	13,547	7,387
1980	21,618	8,597	13,345	7,302
1982	23,236	9,030	14,513	7,341
1984	24,605	9,542	15,633	7,802
1986	25,543	9,709	15,929	8,046
1988	25,437	9,932	16,432	7,896
1990	26,479	10,372	16,489	7,923
1992	25,158	10,092	15,870	7,883
1994	25,045	10,405	15,951	8,773

* Not available.

Change in median income



Median income* (in thousands)



Receipt of Social Security has become nearly universal since 1962

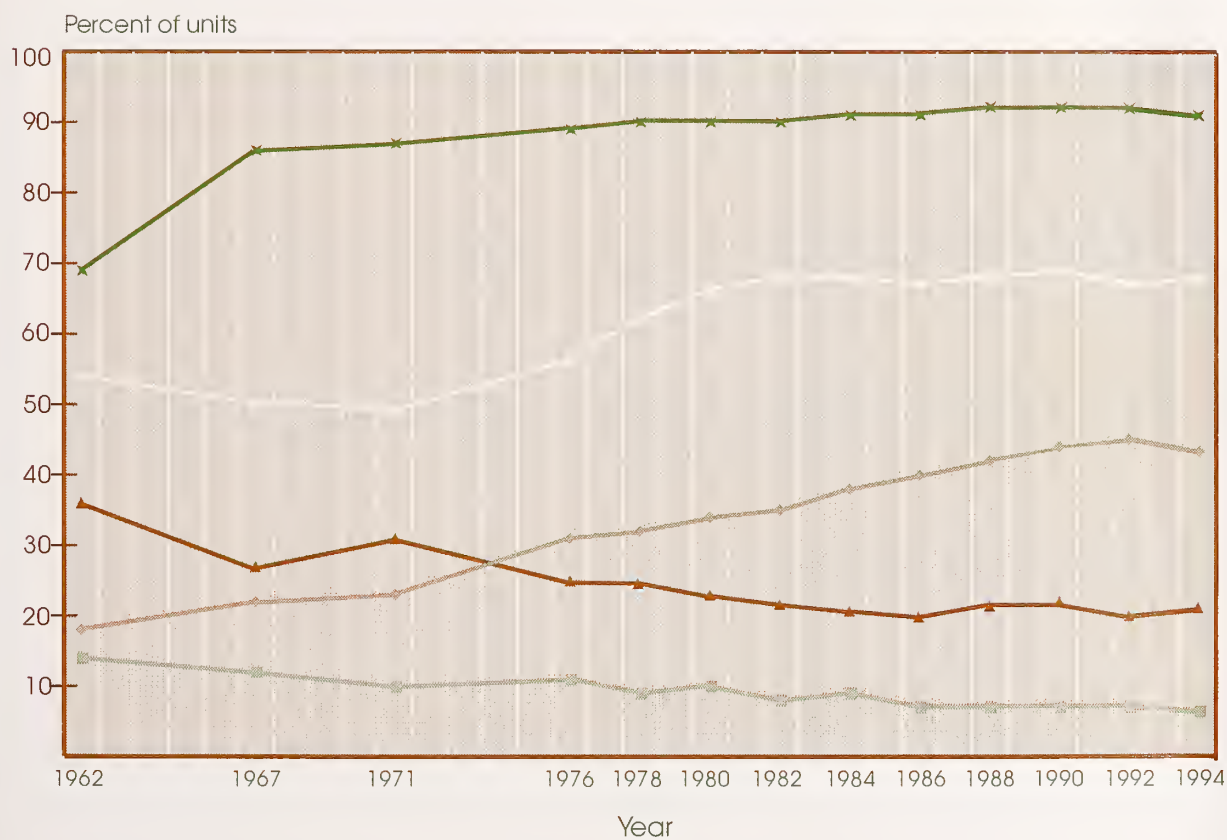
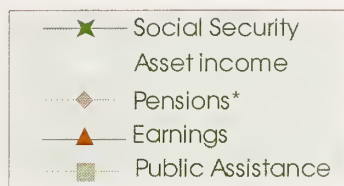
In 1962, Social Security was received by 69% of the aged; in 1994, by 91%. As shown in the table and the chart, most of the increase occurred in the 1960's. Receipt of other pension income more than doubled since 1962, with a fairly steady increase over the entire period. The proportion of aged units with asset income grew from just over one-half to two-thirds in 1980, and has remained at approximately that level since then. The proportion with earnings declined from less than two-fifths to one-fifth and the proportion receiving public assistance also declined substantially to less than half its 1962 level.

Sources of income, selected years

Year	Social Security	Asset income	Pensions*	Earnings	Public assistance
1962	69%	54%	18%	36%	14%
1967	86	50	22	27	12
1971	87	49	23	31	10
1976	89	56	31	25	11
1978	90	62	32	25	9
1980	90	66	34	23	10
1982	90	68	35	22	8
1984	91	68	38	21	9
1986	91	67	40	20	7
1988	92	68	42	22	7
1990	92	69	44	22	7
1992	92	67	45	20	7
1994	91	67	42	21	6

*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

Change in sources of income



*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

Social Security continues to provide the largest share of total income for the aged

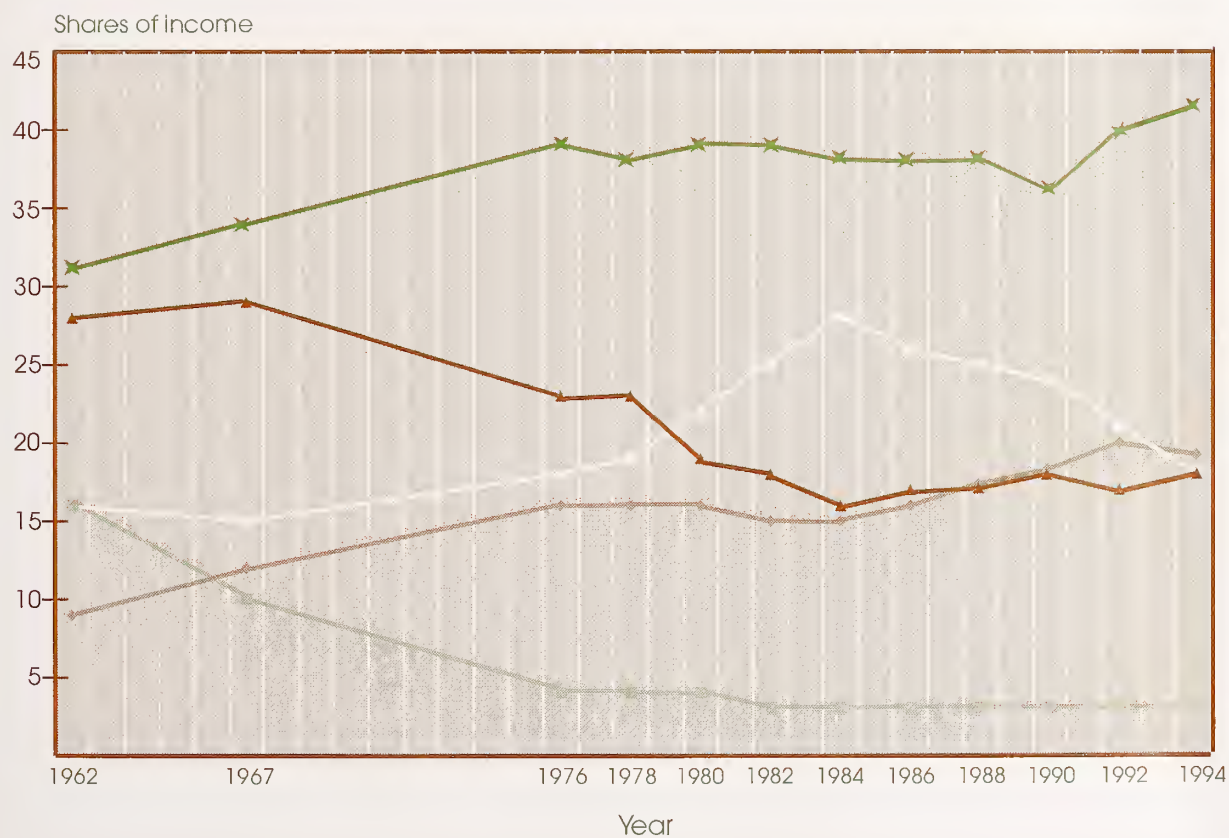
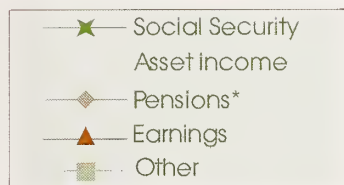
The share of total income provided by Social Security increased by about one-fourth between 1962 and 1980, and remained at that level until a slight decline in 1990. It has been increasing since then, reaching more than two-fifths of total income in 1994. The share from asset income increased for about 20 years, but has been declining since the mid-80's. The share from other pensions has more than doubled, and the share from earnings has declined by 36%.

Shares of income from various sources, selected years

Year	Social Security	Asset income	Pensions*	Earnings	Other
1962	31%	16%	9%	28%	16%
1967	34	15	12	29	10
1976	39	18	16	23	4
1978	38	19	16	23	4
1980	39	22	16	19	4
1982	39	25	15	18	3
1984	38	28	15	16	3
1986	38	26	16	17	3
1988	38	25	17	17	3
1990	36	24	18	18	3
1992	40	21	20	17	3
1994	42	18	19	18	3

*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

Change in shares of income



*Includes private pensions or annuities, government employee pensions, Railroad Retirement, and IRA, Keogh, and 401(k) payments.

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